NOVA SCOTIA
Service Nova Scotia
& Municipal Relations

Co-operatives Annual Report

Activities of the Province's co-operatives in 2002

Co-operatives Branch

104-00592/

Co-operatives Annual Report
(Published October 2003)

This report is published by the Co-operatives Branch of Service Nova Scotia and Municipal Relations. It covers the activities of registered co-operatives taken from reports submitted to this office for their financial year ending in 2002. This document is partial fulfilment of the requirements of the *Co-operative Associations Act*, Chapter 98, Acts of 1989, Section 5(2).

Minister
Honourable Barry Barnet

Acting Deputy Minister
Greg Keefe

Inspector of Co-operatives
Ronald Skibbens

Administrative Assistant
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www.gov.ns.ca/snsmr/rjsc/search.asp (co-operatives' public records)

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Letter to Minister Barnet

The Honourable Barry Barnet
Minister of Service Nova Scotia and Municipal Relations

Dear Minister Barnet:

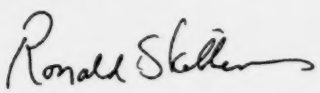
I am pleased to present the Annual Report of Nova Scotian Co-operatives in partial fulfilment of the requirements of the *Co-operative Associations Act*. The Act provides for incorporations, registrations, inspections and other legal procedures, as directed. This report is the 67th since the 1935 Act, which appointed an Inspector who has a requirement to report annually to the Minister responsible for the Act. It also marks my first year as the administrator of the Act.

There were 23 co-operatives incorporated in 2002 and 32 struck from the register, bringing the total registered to 293. Of those, 193 co-operatives provided both the demographic and financial information presented in this report. Highlights of that information show that over 32,000 Nova Scotians are members of a co-operative and over 3,000 are employed either full-time or part-time within the sector. Those 193 co-operatives reported nearly $648 million in sales, $6 million in net income (total income less total expenses) and a gross margin (sales less cost of goods sold) of nearly $108 million.

Amendments to the Act were proclaimed effective October 2002. Changes enacted included the transfer of responsibility for the Co-operatives Branch to Service Nova Scotia and Municipal Relations from the Office of Economic Development. Also in 2002, all co-operative development and business development functions were assumed by the Nova Scotia Co-operative Council under a three-year memorandum of agreement signed by the Office of Economic Development and the Council.

As the new administrator, I have taken the opportunity to review and revise the annual report in an effort to make it a more useful document. I believe the changes that resulted from that process have given us a clearer, more precise picture of Nova Scotia's co-operative community as it existed in 2002.

Sincerely,



Ronald Skibbens
Inspector of Co-operatives

Letter to Nova Scotia Co-operatives

Dear Co-operators,

This is the 67th year that co-operatives have registered under the *Co-operative Associations Act*. This annual report offers a snapshot of Nova Scotia co-operatives as they existed in 2002.

The primary responsibility of the Co-operatives Branch is to administer the Act by:

- approving and filing incorporation documents;
- processing yearly registrations so co-operatives can continue to do business in Nova Scotia;
- approving changes to bylaws, articles, borrowing and other significant areas in a co-operative;
- inspecting or examining the affairs of co-operatives; and
- winding up and supervising liquidation when a co-operative no longer serves its members.

Amendments to the Act were proclaimed in October 2002. The amendments made it easier for members to request assistance from the Inspector, and require all new co-operatives to identify whether they are for-profit or non-profit when they first incorporate. Other changes included the removal of the *Securities Act* regulation exemption for co-operatives and the creation of new rules for the wind-up of non-profit co-operatives.

This is my first report as administrator of co-operatives for the Province. Longtime readers of the annual report will notice some changes this year in the information it contains and how it is presented. This reflects the changed focus of the Co-operatives Branch as it has moved to Service Nova Scotia and Municipal Relations from the Office of Economic Development. I trust you will find the information provided as useful as in previous reports.

I would like to point out that income and expense data for 2002 cannot be directly compared to previous years' data. In contrast to past annual reports, the data for 2002 includes only the 193 co-operatives that submitted a financial statement covering a period ending between January 1 and December 31. Other important changes include:

- total income includes sales plus other income;
- total expense includes cost of goods sold plus other expenses; and
- gross margin (gross profit) is the difference between sales and cost of goods sold.

The latter three changes bring the data in the annual report into compliance with generally accepted accounting principles.

If you have any questions about this report or the services of the Co-operatives Branch, please contact me at your convenience.

Co-operatively yours,

Ronald Skibbens
Inspector of Co-operatives

Financial Data for Responding Co-operatives

Operating Results Summary [1]

(all data in $000's)

	Consumer		Marketing		All Co-ops	
	2002	*2001*	2002	*2001*	2002	*2001*
Sales	83,678	*108,887*	564,209	*554,107*	647,887	*662,994*
Other Income	18,606		4,603		23,209	
Total Income	*102,284*		*568,812*		*671,096*	
Cost of Goods Sold	63,146		477,002		540,148	
Other Expenses	38,007	*32,383*	86,732	*110,245*	124,739	*142,628*
Total Expenses	*101,153*		*563,734*		*664,887*	
Gross Margin	20,532		87,207		107,739	
Net Income	*1,131*	*2,040*	*5,078*	*7,096*	*6,209*	*9,136*
Current Assets	16,441	*19,372*	93,242	*95,038*	109,683	*114,410*
Total Assets	124,087	*130,833*	187,969	*183,265*	312,056	*314,098*
Current Liability	12,493	*14,085*	68,009	*70,093*	80,502	*84,178*
Long Term Debt	89,249	*94,038*	55,378	*54,157*	144,627	*148,195*
Equity	22,349	*22,710*	64,586	*59,025*	86,935	*81,735*

[1] Based on 193 co-ops reporting. Not directly comparable to results from previous years. See Letter to Nova Scotia Co-operatives for further details.

Operating Results Summary by Type [2]

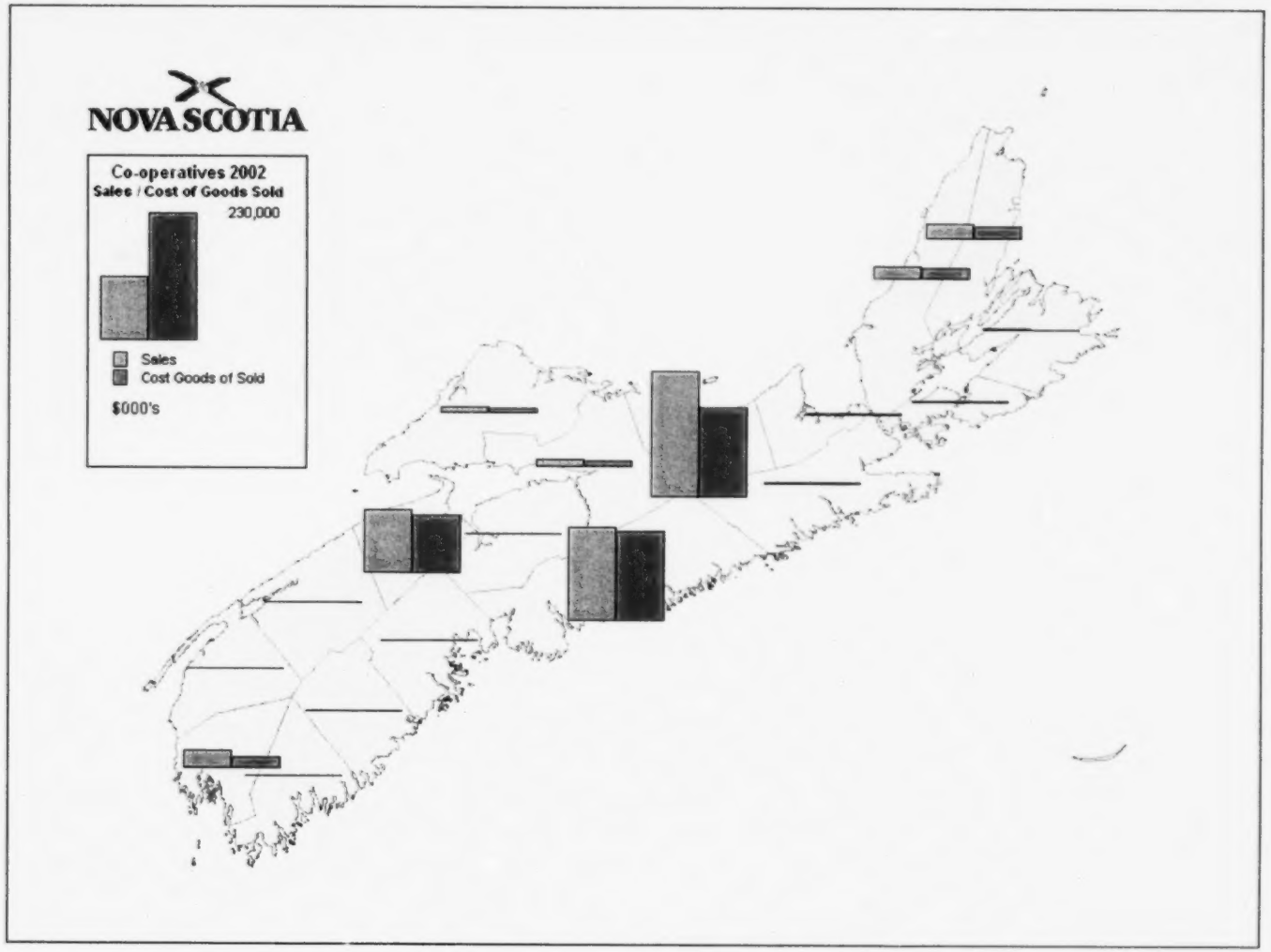
Consumer Co-operatives
(all data in $000's)

	Housing	Investment	Retail	Services	**Total**	*2001 Total*
Sales	0	0	82,732	946	**83,678**	*108,887*
Other Income	13,139	183	3,423	1,861	**18,606**	
Total Income	*13,139*	*183*	*86,155*	*2,807*	***102,284***	
Cost of Goods Sold	0	0	62,845	301	**63,146**	
Other Expenses	13,270	414	21,913	2,410	**38,007**	*32,383*
Total Expenses	*13,270*	*414*	*84,758*	*2,711*	***101,153***	
Gross Margin	0	0	19,887	645	**20,532**	
Net Income	*(131)*	*(231)*	*1,397*	*96*	***1,131***	*2,040*
Current Assets	3,835	942	10,238	1,426	**16,441**	*19,372*
Total Assets	90,652	2,172	29,242	2,021	**124,087**	*130,833*
Current Liability	3,777	118	8,255	343	**12,493**	*14,085*
Long Term Debt	83,234	936	5,035	44	**89,249**	*94,038*
Equity	3,645	1,118	15,952	1,634	**22,349**	*22,710*

Marketing Co-operatives
(all data in $000's)

	Agriculture	Craft	Fishery	Timber	Worker	**Total**	*2001 Total*
Sales	497,030	1,085	57,872	3,591	4,631	**564,209**	*554,107*
Other Income	3,074	56	499	82	892	**4,603**	
Total Income	*500,104*	*1,141*	*58,371*	*3,673*	*5,523*	***568,812***	
Cost of Goods Sold	418,476	608	51,002	2,836	4,080	**477,002**	
Other Expenses	79,124	401	5,049	779	1,379	**86,732**	*110,245*
Total Expenses	*497,600*	*1,009*	*56,051*	*3,615*	*5,459*	***563,734***	
Gross Margin	78,554	477	6,870	755	551	**87,207**	
Net Income	*2,504*	*132*	*2,320*	*58*	*64*	***5,078***	*7,096*
Current Assets	85,328	505	5,306	870	1,233	**93,242**	*95,038*
Total Assets	174,466	656	8,612	1,424	2,811	**187,969**	*183,265*
Current Liability	65,089	122	1,794	283	721	**68,009**	*70,093*
Long Term Debt	53,558	0	832	3	985	**55,378**	*54,157*
Equity	55,821	534	5,984	1,138	1,109	**64,586**	*59,025*

[2] Based on 193 co-ops reporting. Not directly comparable to results from previous years. See Letter to Nova Scotia Co-operatives for further details.


NOVA SCOTIA
Co-operatives 2002
Sales / Cost of Goods Sold
230,000
Sales
Cost Goods of Sold
$000's

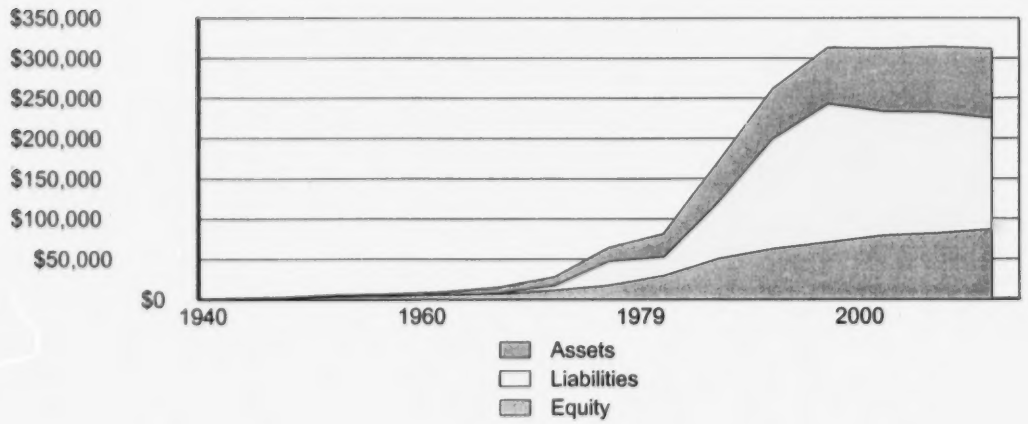
62-Year Operating Results Summary (all data in $000's)

	Co-ops	Co-ops Reporting	Sales	Other Income	Total Income	Cost of Goods Sold	Other Expenses	Total Expenses	Net Income	Gross Margin
1940		62	3,191				526		164	
1945		70	6,418				847		295	
1950		113	14,167				2,142		389	
1955		115	17,835				2,768		557	
1960		114	21,145				4,629		551	
1965		120	33,996				6,136		346	
1970		117	79,445				14,133		589	
1975		119	179,099				29,645		3,652	
1980		124	302,486				57,422		4,387	
1985		162	435,015				92,442		2,438	
1990		228	512,072				120,204		3,781	
1991		217	535,653				124,571		5,434	
1992		239	559,960				127,444		5,405	
1993		219	564,161				125,777		3,158	
1994		222	589,990				129,377		7,792	
1995		241	608,932				133,212		2,190	
1996		240	637,530				143,170		3,920	
1997		238	650,969				142,199		2,598	
1998		217	646,345				146,045		1,403	
1999		209	658,090				147,276		2,907	
2000		194	612,459				137,619		7,743	
2001		247	662,994				142,628		9,136	
2002	293	193	647,887	23,209	671,096	540,148	124,739	664,887	6,209	107,739

62-Year Balance Sheet Summary

(all data in $000's)

	Assets	Liabilities	Equity
1940	1,184	293	891
1945	2,186	582	1,604
1950	5,041	1,876	3,165
1955	6,246	2,103	4,143
1960	9,086	3,382	5,704
1965	14,736	8,011	6,725
1970	27,622	16,670	10,952
1975	64,445	47,261	17,184
1979	81,623	52,579	29,044
1985	170,845	120,202	50,643
1990	262,268	199,633	62,635
1995	313,594	242,997	70,597
2000	312,308	233,418	78,890
2001	314,098	232,363	81,735
2002	312,056	225,121	86,935



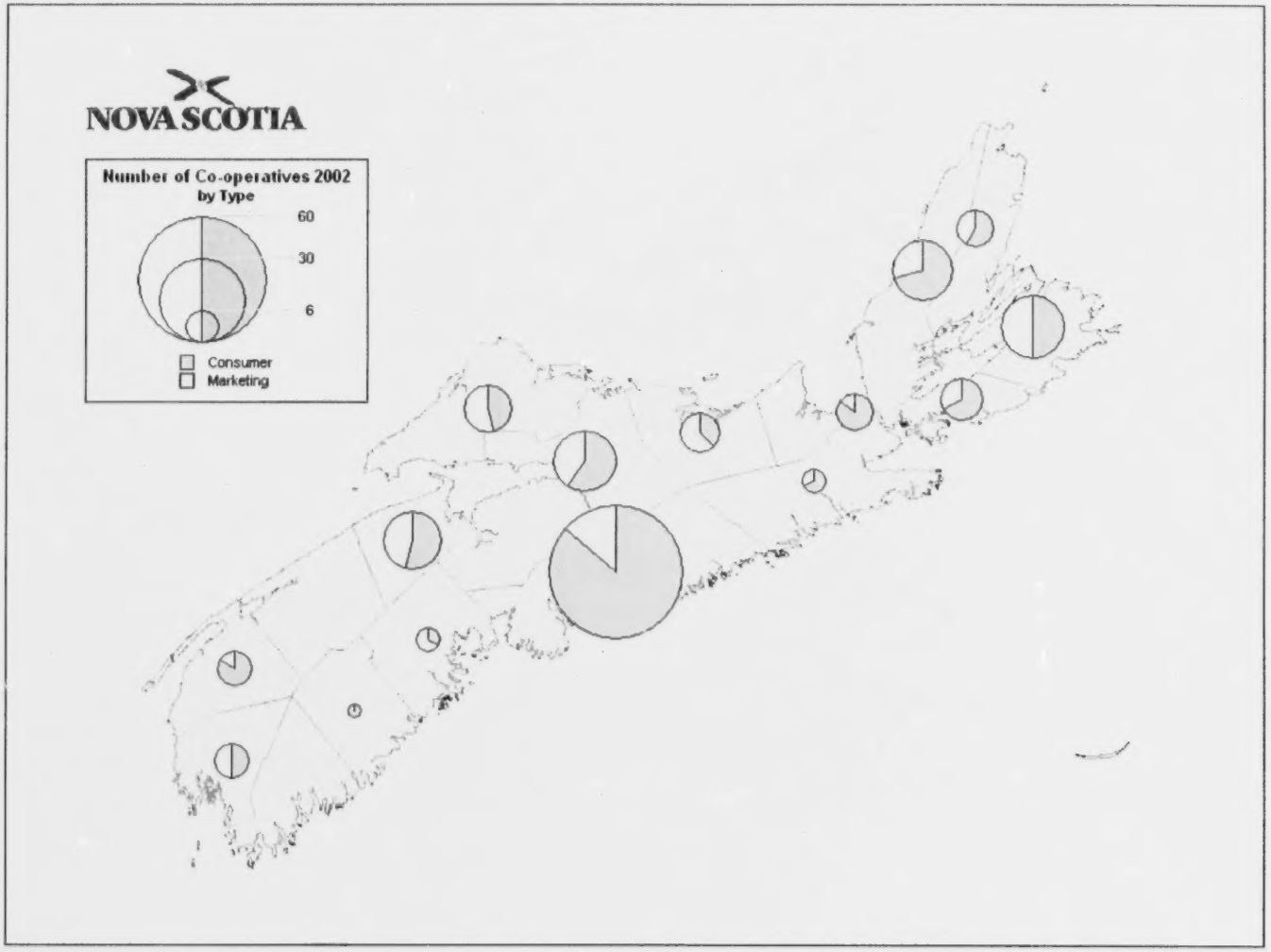
Demographic Data for Responding Co-operatives

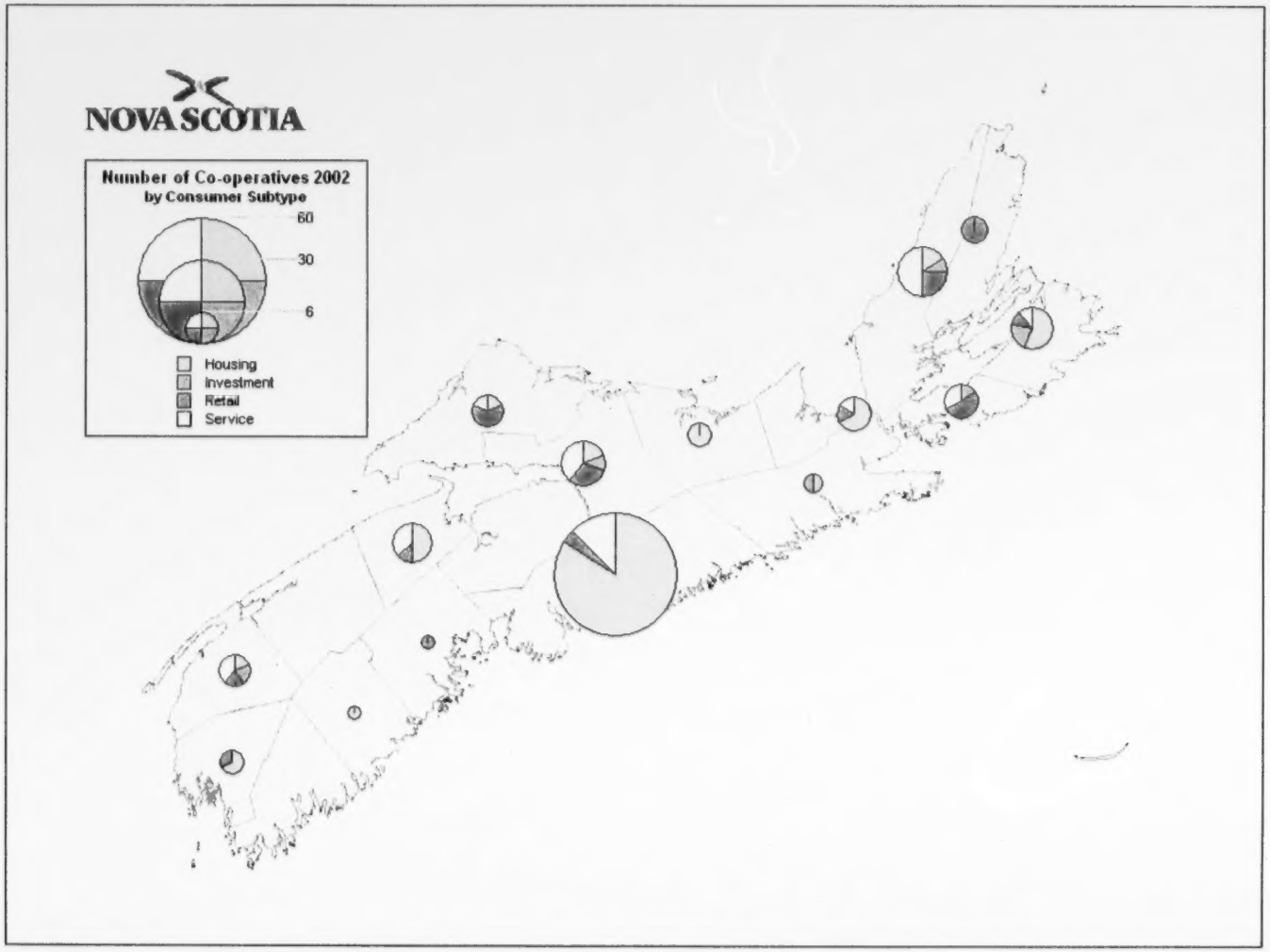
Reporting Co-operatives: Distribution by Type and County

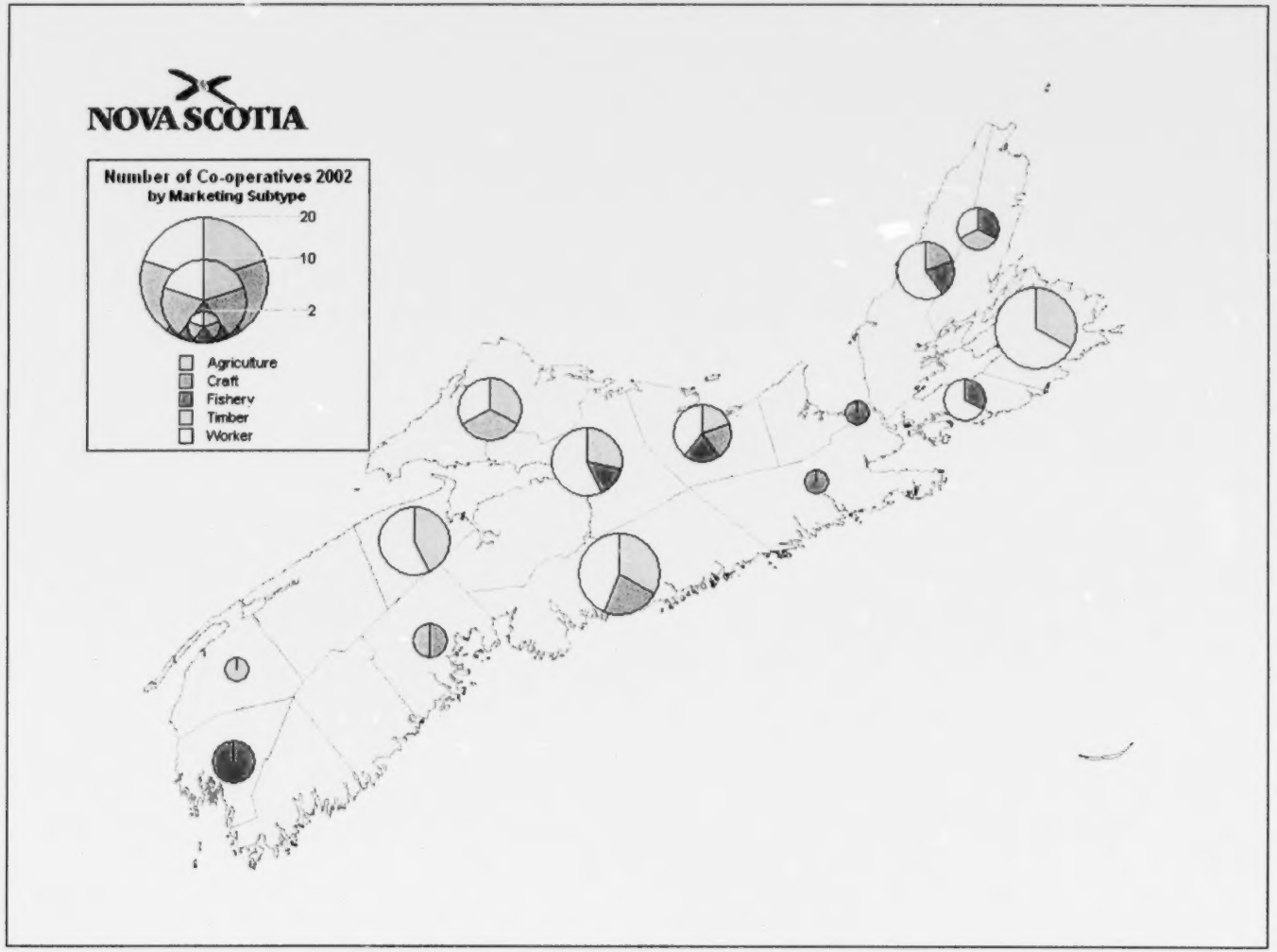
	Housing	Investment	Retail	Service	**Total Consumer**	Agriculture	Craft	Fishery	Timber	Worker	**Total Marketing**	*Total Co-ops*
Annapolis	0	0	0	0	**0**	0	0	0	0	0	**0**	*0*
Antigonish	4	0	1	1	**6**	0	0	1	0	0	**1**	*7*
Cape Breton	5	2	1	1	**9**	3	0	0	0	6	**9**	*18*
Colchester	2	1	3	4	**10**	2	0	1	0	4	**7**	*17*
Cumberland	1	0	3	1	**5**	2	0	0	2	2	**6**	*11*
Digby	1	1	1	2	**5**	1	0	0	0	0	**1**	*6*
Guysborough	0	1	1	0	**2**	0	0	1	0	0	**1**	*3*
Halifax	47	0	2	7	**56**	3	2	0	0	4	**9**	*65*
Hants	0	0	0	0	**0**	0	0	0	0	0	**0**	*0*
Inverness	2	1	3	6	**12**	0	1	1	0	3	**5**	*17*
Kings	4	0	1	3	**8**	3	0	0	0	4	**7**	*15*
Lunenburg	0	0	1	0	**1**	0	1	0	1	0	**2**	*3*
Pictou	3	0	0	0	**3**	1	1	1	0	2	**5**	*8*
Queens	1	0	0	0	**1**	0	0	0	0	0	**0**	*1*
Richmond	0	1	3	2	**6**	0	0	1	0	2	**3**	*9*
Shelburne	0	0	0	0	**0**	0	0	0	0	0	**0**	*0*
Victoria	0	0	4	0	**4**	0	0	1	1	1	**3**	*7*
Yarmouth	2	0	1	0	**3**	0	0	3	0	0	**3**	*6*
Total	**72**	**7**	**25**	**27**	**131**	**15**	**5**	**10**	**4**	**28**	**62**	***193***

The Co-operatives Branch groups co-operatives in two main types: consumer and marketing. While consumer co-operatives are organized for the benefit of the buyer, marketing co-operatives are organized for the benefit of the seller. The two main types are further divided into several subtypes.

On the consumer side, there are housing, investment, retail and service co-ops. The members of a housing co-operative, for instance, work together to provide shelter that they own in common. The five kinds of marketing co-operative we recognize are agriculture, craft, fishery, timber and worker. In a worker co-operative, for example, labourers organize together to market their services.


NOVA SCOTIA
Number of Co-operatives 2002
by Type
60
30
6
Consumer
Marketing


NOVA SCOTIA
Number of Co-operatives 2002
by Consumer Subtype
60
30
6
Housing
Investment
Retail
Service


NOVA SCOTIA
Number of Co-operatives 2002
by Marketing Subtype
20
10
2
Agriculture
Craft
Fishery
Timber
Worker

Twenty-three Co-operatives Incorporated in 2002

Acadia Cinema Co-operative Limited	Wolfville
Bras d'Or District Farmers' Co-operative Ltd	George's River
Breton Isle Holdings Co-operative Ltd.	Sydney
Cape Breton Oyster Fishers Co-operative Limited	North Sydney
Cape Breton Towing Co-operative Limited	Sydney
Crystal Grange Housing Co-operative Limited	Bridgewater
Earthwise Processing Co-operative Limited	Scotchlake
Field of Dreams Co-operative Limited	Amherst
Gold Star Courier Co-operative Limited	Truro
Hubbards' Marine Co-operative Limited	Hubbards
Institute for Applied Sciences Co-operative Limited	Digby
Island Wind Power Investment Co-operative Limited	Westport
Just Us! Fair Trade Investment Co-operative Limited	Wolfville
Malagawatch Oyster Farm Co-operative Limited	Eskasoni
McLeod Motor Sports Co-operative Limited	Truro
Nell's Garden Co-operative Limited	Westville
Network Printer Technology Co-operative Limited	Halifax
New Waterford Art and Frames Co-operative Limited	Sydney
North Wind Farm and Food Co-operative Limited	Englishtown
Peer Gallery Co-operative Limited	Lunenburg
Service Plus Co-operative Limited	Dartmouth

Thirty-two Co-operatives Struck in 2002

Alliance Workers Enterprises Co-operative Limited	Dartmouth
Atlantic Canada Timber Processing Co-operative Limited	Beaver Brook
Avon Spirit Co-operative Limited	Newport
Baddeck Carpenters Co-operative Limited	Baddeck
Barrachois Harbour Marina Co-operative Limited	Tatamagouche
Big Life Whole Foods Co-operative Café Limited	Halifax
Black Focus Co-operative Limited	Halifax
Brunswick Street Community Workers Co-operative Limited	Halifax
Co-operative Jeunnese Au Travail (La) Limited	Petit de Grat
Cove Housing Co-operative Limited	Halifax
e. Media Group Co-operative Limited	Londonderry
Eastern Kings Shipping Co-operative Limited	Canning
Elks Fabricators Co-operative Limited	Sydney
Fiddlehead Food Co-operative Limited	Jeddore
Fundy Blacksmith & Farrier Co-operative Limited	Newport
Fundy Fisheries Co-operative Limited	Digby
Georgeville Owners Co-operative Limited	Antigonish
Good Life Natural Foods Co-operative Limited	Truro
Herring Cove Housing Co-operative Limited	Halifax
Lake Ainslie Enterprises Co-operative Limited	Whycocomagh

Struck Co-operatives (cont'd)

Northumberland Business Machines Co-operative Limited	Springhill
Pictou County Christmas Tree Co-operative Limited	New Glasgow
Sandspit Artisans Co-operative Limited	Shelburne
Scott Walking Adventures Co-operative Limited	Halifax
Schnitzel's Brothers Co-operative Limited	Brookfield
Team Management Development Co-operative Limited	Truro
Windsor Vendors Co-operative Limited	Windsor

Anniversaries of Incorporation

In 2002, we had 16 co-operatives celebrating the passage of one decade or more since their incorporation. We congratulate these co-ops and their boards for their continued commitment to co-operation and member services. In 2003, the 23 co-operatives listed on the following page are celebrating a similar milestone.

30th	1972	Hall's Harbour Water Co-operative Limited
20th	1982	Albro Court Housing Co-operative Limited
		La Co-operative Housing Federation Limited
		Cranberry Lake Housing Co-operative Limited
		Fairwest Housing Co-operative Limited
		Fallout Housing Co-operative Limited
		Highland Housing Co-operative Limited
		Kabuki Housing Co-operative Limited
		Metro Housing Co-operative Limited
		Northumberland Lamb Co-operative Limited
		Rooftops Housing Co-operative Limited
		Vihara Housing Co-operative Limited
10th	1992	Breakthrough Co-operative Limited
		(La) Co-operative Radio Cheticamp Limitee
		Resources 2000 Co-operative Limited
		True North Housing Co-operative Limited

2003 anniversaries

60th	1943	ACA Co-operative Limited
		River Hebert Co-operative Limited
40th	1963	Co-operative Artisonale de Cheticamp Ltée
		Fleet Co-operative Limited
30th	1973	Baddeck Valley Wood Producers Co-operative Limited
		Black Duck Handcraft Co-operative Limited
		Cheggogin Dyke Co-operative Limited
20th	1983	Anathoth Housing Co-operative Limited
		Apple Blossom Housing Co-operative Limited
		Charles Court Housing Co-operative Limited
		Cross Roads Housing Co-operative Limited
		Fresh Start Housing Co-operative Limited
		Gimmie Shelter Continuing Housing Co-operative Limited
		Nudondin Housing Co-operative Limited
		Orangedale Farmers Co-operative Limited
		Privateer Housing Co-operative Limited
		Rocky Road Housing Co-operative Limited
		Samson Co-operative Limited
		Topshee Housing Co-operative Limited
		Trillium Housing Co-operative Limited
10th	1993	Arimathea Funeral Co-operative Limited
		Chignecto Manor Co-operative Limited
		City Market of Halifax Co-operative Limited

Employees and Membership of Reporting Co-operatives

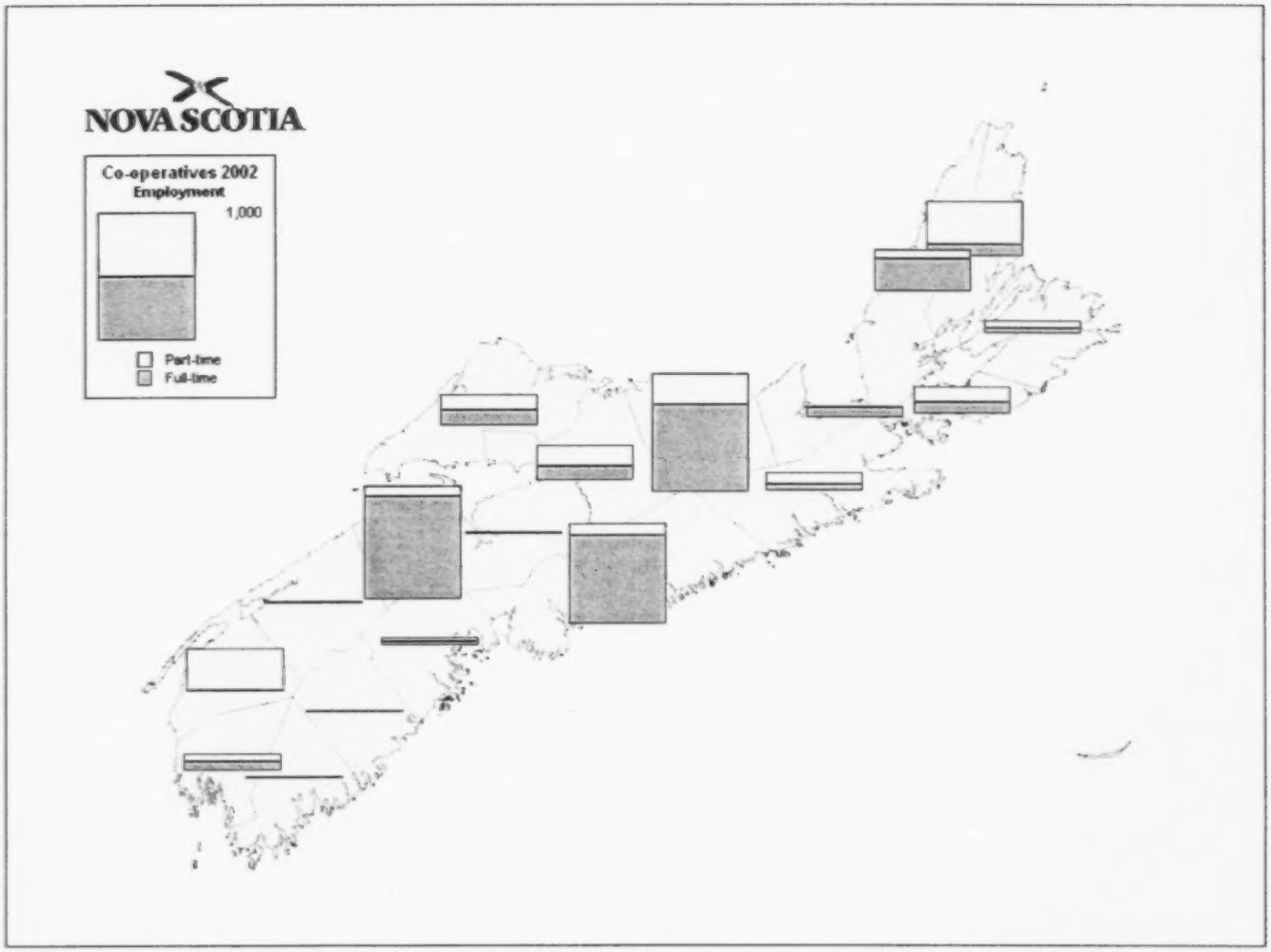
By County

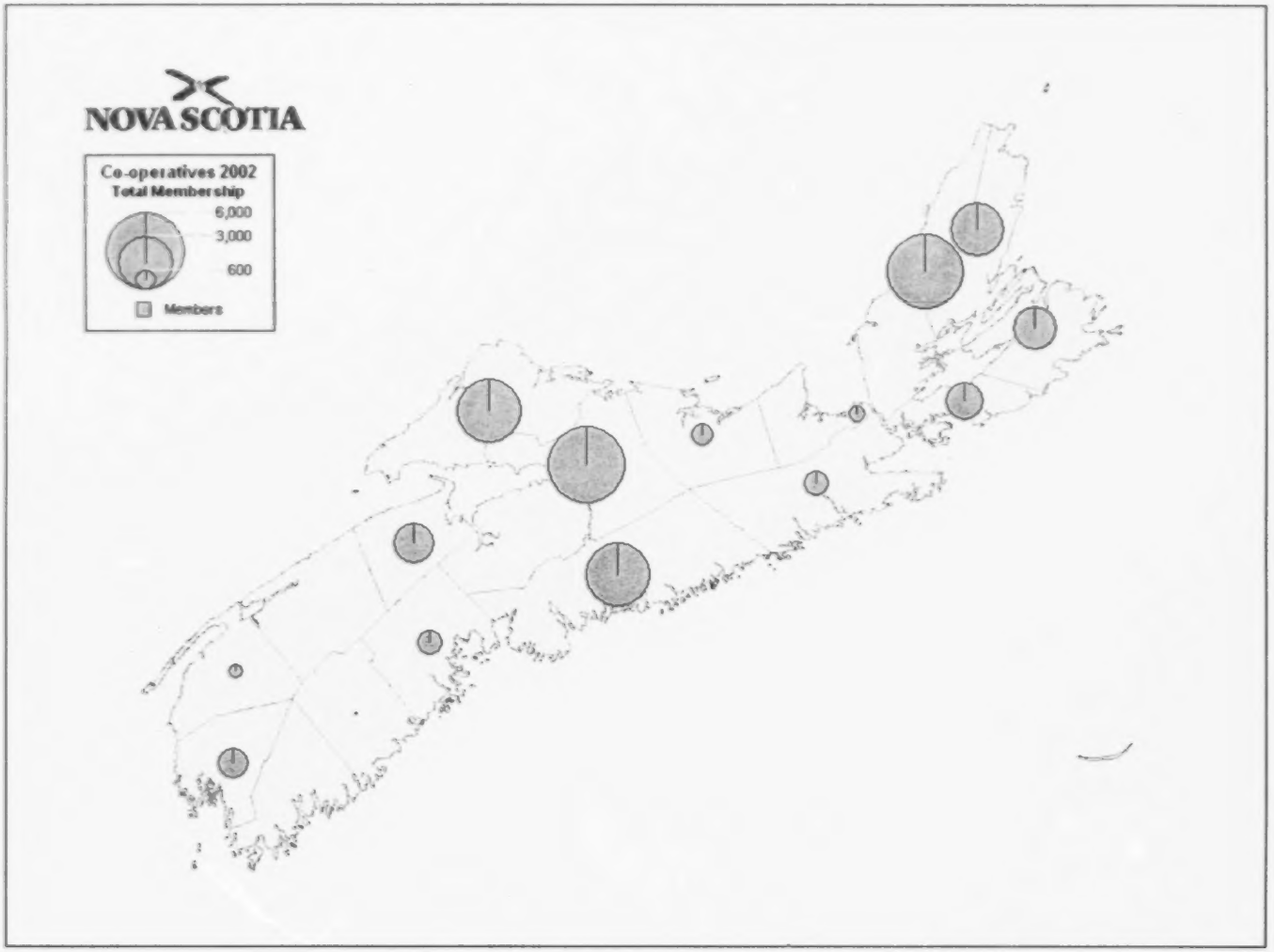
	Full-time	Part-time	Total Employees	Membership
Annapolis	0	0	0	0
Antigonish	14	2	16	398
Cape Breton	8	12	20	2,045
Colchester	43	66	109	5,813
Cumberland	44	46	90	4,307
Digby	0	142	142	253
Guysborough	13	23	36	802
Halifax	573	82	655	4,240
Hants	0	0	0	0
Inverness	109	32	141	5,754
Kings	730	73	803	1,810
Lunenburg	4	4	8	802
Pictou	628	220	848	646
Queens	0	0	0	20
Richmond	29	38	67	1,643
Shelburne	0	0	0	0
Victoria	50	175	225	3,116
Yarmouth	16	14	30	1,062
	2,261	929	3,190	32,711

Employees and Membership of Reporting Co-operatives

By Type

Type	No. of Co-ops	Employees		No. of Members
		Full-time	Part-time	
Consumer				
Housing	72	4	5	1,672
Investment	7	0	1	2,022
Retail	25	172	204	23,434
Service	27	45	17	3,102
Total Consumer	*131*	*221*	*227*	*30,230*
Marketing				
Agriculture	15	1,856	454	1,183
Craft	5	25	2	84
Fishery	10	58	182	437
Timber	4	24	7	631
Worker	28	77	57	146
Total Marketing	*62*	*2,040*	*702*	*2,481*
Total Co-ops	193	2,261	929	32,711


NOVA SCOTIA
Co-operatives 2002
Employment
1,000
Part-time
Full-time


NOVA SCOTIA
Co-operatives 2002
Total Membership
6,000
3,000
600
Members

Highlights of Amendments to the Act

Section 2

- Definition of housing association added. A housing association means "an association that has as its primary purpose the provision of housing accommodation for occupancy by its members as nearly as possible at cost or that is operated in such a manner".
- Responsibility for the administration of the Act transferred to the Minister of Service Nova Scotia and Municipal Relations from the Minister of Economic Development.
- Name of "extraordinary resolution" changed to "special resolution" and the necessary proportion of votes reduced from three-fourths to two-thirds of the votes cast.

Section 5

- The number of members necessary to requisition the Inspector to investigate, inspect, inquire and examine the affairs of a co-op changed from fifty members or ten percent of the membership to fifty percent of the members where there are ten or fewer members or the greater of six members and ten percent of the membership where there are more than ten.

Section 16B

- Provides that articles of association of a co-op incorporated after November 13, 2001 must state whether or not the association is non-profit.

Section 24

- Adds a new loan register requirement

Section 28

- Amended to increase the limit below which the directors may transfer a deceased member's interest to a nominated beneficiary, where no executor or administrator has been appointed within six months of the member's death, from five hundred dollars to two thousand dollars.

Section 52

- Amended to give a liquidator of an association the power to borrow money on the security of the property of the association and the power to retain lawyers, accountants, engineers, appraisers and other professional advisers. Level of remuneration paid to a liquidator increased.

Section 61

- Amended to provide that upon wind-up any residual balance shall be paid in accordance with the articles or by-laws of the association where they set out a procedure for payout. Provisions regarding "non-profit" co-operative associations have been added that state they must disburse their assets to other non-profit organizations on wind-up, may not change to any other kind of organization, must use the profits from real estate transactions in certain ways, must operate without profit, may not provide monetary or other gains to their members, and that members of non-profit housing associations may not benefit from surrender of membership or occupancy of a housing unit.

Securities Act

- Amendments add new definitions to the Securities Act that are necessary for the new provisions dealing with trades in securities of co-operative associations and provide a registration exemption for certain trades in securities of a co-operative association.

For the full text of the Act, see:

Old Act, part 1 of 2: www.gov.ns.ca/legislature/legc/statutes/coopass1.htm
Old Act, part 2 of 2: www.gov.ns.ca/legislature/legc/statutes/coopass2.htm
New amendments: www.gov.ns.ca/legislature/legc/bills/58th_2nd/3rd_read/b090.htm
New regulations: www.gov.ns.ca/just/regulations/regs/coopgen.htm